

aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Series 2002-A Warrant surrendered.

## **ARTICLE IV**

### **APPLICATION OF PROCEEDS**

**Section 4.1 Proceeds From Sale of Series 2002-A Warrants.** The proceeds from the sale of the Series 2002-A Warrants to the original purchaser or purchasers thereof (net of underwriter's discount) shall be applied as follows:

- (i) the sum of \$797,037.27 shall be paid to the Bond Insurer as the premium for the Series 2002-A Insurance Policy;
- (ii) the sum of \$111,320.00 shall be paid to the Bond Insurer as the premium for the Reserve Policy;
- (iii) the amount necessary for payment of the initial fee due under the Standby Purchase Agreement shall be paid to the Bank; and
- (iv) the balance shall be deposited in the 2002 Construction Fund.

**Section 4.2 Agreement to Construct 2002 System Improvements.** The County will proceed continuously and with reasonable dispatch with the acquisition, construction and installation of the various System Improvements that constitute part of the County's Sanitary Sewer Capital Improvement Program. The County will complete the acquisition, construction and installation of the 2002 System Improvements, including the acquisition of such real estate (and interests therein) as may be necessary therefor, as soon as may be practicable, delays incident to strikes, riots, acts of God and the public enemy and similar acts beyond the reasonable control of the County only excepted. The County will promptly pay, as and when due, all expenses incurred in said acquisition, construction and installation.

**Section 4.3 Creation of 2002 Construction Fund; Purposes for Which Moneys Therein May Be Expended.** There is hereby created a special trust fund, the full name of which shall be the "Jefferson County Sewer System 2002 Construction Fund," for the purpose of providing funds for the acquisition, construction and installation of the 2002 System Improvements. The Trustee shall be and remain the depository, custodian and disbursing agent for the 2002 Construction Fund. The moneys in the 2002 Construction Fund shall be paid out from time to time by the Trustee for the following purposes only and only upon presentation of requisitions as described in Section 4.4 hereof:

- (a) payment of Series 2002-A Issuance Costs;

(b) payment of the reasonable expenses and charges of the Trustee in connection with the 2002 Construction Fund;

(c) payment for labor, services, materials, supplies and equipment furnished in acquiring, constructing and installing the 2002 System Improvements;

(d) payment of the costs of acquiring any real estate (including easements and other interests therein) for the construction or installation thereon of any part or parts of the 2002 System Improvements; and

(e) payment of all expenses (including the fees and expenses of engineers and attorneys and recording fees) incurred in connection with matters referred to in the preceding subsections (c) and (d) of this section.

**Section 4.4 Payments from the 2002 Construction Fund.** All requisitions for disbursements from the 2002 Construction Fund shall be signed by an Authorized County Representative and shall (a) state the amount required to be paid and the name and address of the Person to whom payment is to be made, (b) describe in reasonable detail the particular Improvement Cost or issuance expense to be paid, and (c) certify that the purpose for which such payment is to be made is a purpose for which 2002 Construction Fund moneys are authorized under the Fourth Supplemental Indenture to be expended.

In addition to the documents required by this section the Trustee may require as a condition precedent to any disbursement further evidence with respect thereto or with respect to the application of any moneys previously disbursed or as to the correctness of any statement made in any requisition. Upon the written request of the Holders of at least ten percent (10%) of the aggregate principal amount of the Parity Securities, the Trustee shall require such evidence. The Trustee shall, however, be under no duty to require such evidence unless so requested. The Trustee shall not be liable for any misapplication of moneys in the 2002 Construction Fund if disbursed pursuant to the provisions of this section and without actual knowledge that such disbursement constituted a misapplication of funds.

**Section 4.5 Security for 2002 Construction Fund Moneys.** The moneys at any time on deposit in the 2002 Construction Fund shall be and at all times remain public funds impressed with a trust for the purposes specified in Section 4.3 hereof. The Trustee shall at all times keep the moneys on deposit in the 2002 Construction Fund continuously secured, for the benefit of the County and the Holders of the Parity Securities, either

(a) by holding on deposit, as collateral security, Federal Obligations, or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency, having a market value (exclusive of accrued interest) not less than the amount of moneys on deposit in the 2002 Construction Fund, or

(b) if the furnishing of security in the manner provided by the foregoing clause (a) of this section is not permitted by the then applicable law and regulations, then in such other manner as may be required or permitted by the then applicable state and federal laws and regulations respecting the security for, or granting a preference in the case of, the deposit of trust funds;

provided, however, that it shall not be necessary for the Trustee so to secure any portion of the moneys on deposit in the 2002 Construction Fund (i) that is invested in Federal Obligations or pursuant to an agreement described in clause (v) of the definition of "Eligible Investments" in the Original Indenture, or (ii) that is insured by the Federal Deposit Insurance Corporation or any agency of the United States of America that may succeed to its functions.

**Section 4.6 Investment of 2002 Construction Fund.** As promptly as practicable following the execution and delivery of this Fourth Supplemental Indenture and from time to time thereafter, the County will furnish to the Trustee a written certificate stating the approximate dates when the moneys on deposit in the 2002 Construction Fund will be needed for the various purposes for which such fund is being created. Promptly after receipt of each such certificate, the Trustee will, at the direction of the County and to the extent practicable, cause the 2002 Construction Fund moneys to be invested in Eligible Investments having stated maturities in such amounts and at such times, prior to or corresponding with the amounts and dates specified in said certificate, as to make available from the 2002 Construction Fund cash moneys sufficient to meet the needs of the 2002 Construction Fund as specified in said certificate. Any such certificate may contain either specific or general instructions from the County as to the kind of Eligible Investments in which the presently unneeded moneys in the 2002 Construction Fund are to be invested, and the Trustee will comply with such instructions to the extent that they are not inconsistent with the applicable provisions hereof; provided that the County shall not direct the Trustee to make any investment of moneys in the 2002 Construction Fund that would result in any of the Parity Securities being considered "arbitrage bonds" within the meaning of Section 103(b)(2) and Section 148 of the Code and the applicable regulations thereunder. In the event of any such investment, the securities in which such moneys are so invested, together with all income derived therefrom, shall become a part of the 2002 Construction Fund to the same extent as if they were moneys originally deposited therein. The Trustee may at any time and from time to time sell or otherwise convert into cash any such securities, whereupon the net proceeds therefrom shall become a part of the 2002 Construction Fund. The Trustee shall be fully protected in making any such investment, sale or conversion in accordance with the provisions of this section. In any determination of the amount of moneys at any time forming a part of the 2002 Construction Fund, all such securities in which any portion of the 2002 Construction Fund is at the time so invested shall be included therein at their then market value.

Notwithstanding any other provisions of the Indenture, the Trustee shall not be responsible for (i) determining whether or not any investment of moneys in the 2002 Construction Fund (or in any of the other Indenture Funds) complies with the limitations imposed by Section 148 of the Code and the regulations thereunder or (ii) calculating the amount of, or making any payment of, any rebate due to the United States of America.

## ARTICLE V

### WARRANT PURCHASE FUND

Section 5.1 **Warrant Purchase Fund.** (a) There is hereby established a special trust fund which shall be designated the "Jefferson County Sewer System Series 2002-A Warrant Purchase Fund". The Tender Agent shall be the depository, custodian and disbursing agent for the Warrant Purchase Fund.

(b) There shall be deposited in the Warrant Purchase Fund, as and when received:

(1) the proceeds of any remarketing of Series 2002-A Warrants by the Remarketing Agent,

(2) money received by the Tender Agent from the Bank pursuant to the Standby Purchase Agreement with respect to the Purchase Price of Eligible Warrants payable on the related Tender Date,

(3) all other money required to be deposited in the Warrant Purchase Fund pursuant to the Indenture, and

(4) all other money received by the Tender Agent when accompanied by directions that such money is to be deposited in the Warrant Purchase Fund.

(c) The Tender Agent is hereby authorized and directed to withdraw sufficient money from the Warrant Purchase Fund to pay the Purchase Price of Series 2002-A Warrants due on any Tender Date.

(d) Funds for the payment of the Purchase Price of Series 2002-A Warrants shall be derived from the following sources in the order of priority indicated:

(1) **First**, proceeds from the remarketing of Series 2002-A Warrants.

(2) **Second**, money advanced under the Standby Purchase Agreement.

(3) **Third**, any other money on deposit in the Warrant Purchase Fund.

Not later than one hour before the applicable notice deadline under the Standby Purchase Agreement, the Tender Agent shall determine the amount of remarketing proceeds already on deposit in the Warrant Purchase Fund and shall advise the Trustee of such amount. After such determination, the Trustee shall give the notice to the Bank required under the Standby Purchase Agreement for purchase of Eligible Warrants on such Tender Date for which remarketing proceeds are not available.

Any money advanced under the Standby Purchase Agreement shall be held in a separate, segregated account in the Warrant Purchase Fund and shall not be commingled with other money in the Warrant Purchase Fund. Such money shall be used only to pay the Purchase Price of Eligible Warrants.

(e) On each Tender Date money in the Warrant Purchase Fund from any source other than the Standby Purchase Agreement remaining after payment of the Purchase Price of all Series 2002-A Warrants (or after segregating money for such purpose as provided in Section 5.2) shall be applied by the Tender Agent for the following purposes in the order of priority indicated:

(1) **First**, the Tender Agent shall reimburse the Bank, prior to the close of business on such Tender Date, for the amount advanced under the Standby Purchase Agreement for payment of the Purchase Price of Series 2002-A Warrants.

(2) **Second**, the balance, if any, shall be paid to the County.

(f) If proceeds from the remarketing of the Series 2002-A Warrants are deposited in the Warrant Purchase Fund after such Tender Date, such proceeds shall be applied as provided in subsection (e) of this section.

(g) Any moneys held in the Warrant Purchase Fund may be invested only in Federal Obligations that mature not later than the earlier of (i) thirty (30) days after the date of making such investment or (ii) the date on which such moneys will be needed to pay the Purchase Price of any Series 2002-A Warrants.

**Section 5.2 Money for Warrant Purchases to be Held in Trust; Repayment of Unclaimed Money.** (a) If money is on deposit in the Warrant Purchase Fund on any Tender Date sufficient to pay the Purchase Price of the Series 2002-A Warrants to be paid on such Tender Date, but the Holder of any Unsurrendered Warrant fails to deliver such warrant to the Tender Agent for payment of such Purchase Price on such Tender Date, the Tender Agent shall segregate and hold in trust for the benefit of the person entitled thereto money sufficient to pay such Purchase Price due and payable on such Series 2002-A Warrant on such Tender Date. Money so segregated and held in trust shall not be a part of the Trust Estate and shall not be invested, but shall constitute a separate trust fund for the benefit of the persons entitled to such Purchase Price.

(b) Any money held in trust by the Tender Agent for the payment of the Purchase Price of any Series 2002-A Warrant pursuant to subsection (a) of this section and remaining unclaimed for three years after such Purchase Price has become due and payable shall be paid to the County upon request of an Authorized County Representative; and the Holder of such Series 2002-A Warrant shall thereafter, as an unsecured general creditor, look only to the County for payment thereof, and all liability of the Tender Agent with respect to such trust money, and all liability of the County with respect thereto, shall thereupon cease; provided, however, that the Tender Agent, before being required to make any such payment to the County, may at the expense of the County cause to be published once, in a newspaper of general circulation in the city where the Office of the Tender Agent



is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be paid to the County.

## **ARTICLE VI**

### **PROVISIONS CONCERNING THE SERIES 2002-A INSURANCE POLICY**

**Section 6.1 Payments Under the Series 2002-A Insurance Policy.** (a) If, on the Business Day preceding any Interest Payment Date for the Series 2002-A Warrants, there is not on deposit with the Trustee sufficient moneys available to pay all principal of and interest on the Series 2002-A Warrants due on such date, the Trustee shall immediately notify the Bond Insurer and State Street Bank and Trust Company, N.A., New York, New York, or its successor as the Bond Insurer's Fiscal Agent (the "Fiscal Agent"), of the amount of such deficiency. If, by said Interest Payment Date, the County has not provided the amount of such deficiency, the Trustee shall simultaneously make available to the Bond Insurer and to the Fiscal Agent the registration books for the Series 2002-A Warrants maintained by the Trustee. In addition:

(i) the Trustee shall provide the Bond Insurer with a list of the Holders of the Series 2002-A Warrants entitled to receive principal or interest payments from the Bond Insurer under the terms of the Series 2002-A Insurance Policy and shall make arrangements for the Bond Insurer and its Fiscal Agent (1) to mail checks or drafts to the Holders of Series 2002-A Warrants entitled to receive full or partial interest payments from the Bond Insurer and (2) to pay principal of the Series 2002-A Warrants surrendered to the Fiscal Agent by the Holders thereof entitled to receive full or partial principal payments from the Bond Insurer; and

(ii) the Trustee shall, at the time it makes the registration books available to the Bond Insurer, notify Holders entitled to receive payment of principal of or interest on the Series 2002-A Warrants from the Bond Insurer (1) as to the fact of such entitlement, (2) that the Bond Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Series 2002-A Insurance Policy, (3) that, except as provided in paragraph (b) below, in the event that any Holder of Series 2002-A Warrants is entitled to receive full payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant to the Fiscal Agent with the instrument of transfer in the form provided on the Series 2002-A Warrant executed in the name of the Bond Insurer, and (4) that, except as provided in paragraph (b) below, in the event that such Holder is entitled to receive partial payment of principal from the Bond Insurer, such Holder must tender his Series 2002-A Warrant for payment first to the Trustee, which shall note on such Series 2002-A Warrant the portion of principal paid by the Trustee, and then, with an acceptable form of assign-

ment executed in the name of the Bond Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Holder subject to the terms of the Series 2002-A Insurance Policy.

(b) In the event that the Trustee has notice that any payment of principal of or interest on a Series 2002-A Warrant has been recovered from a Holder thereof pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Trustee shall, at the time it provides notice to the Bond Insurer, notify all Holders of Series 2002-A Warrants that, in the event that any such Holder's payment is so recovered, such Holder will be entitled to payment from the Bond Insurer to the extent of such recovery, and the Trustee shall furnish to the Bond Insurer its records evidencing the payments of principal of and interest on the Series 2002-A Warrants which have been made by the Trustee and subsequently recovered from Holders, and the dates on which such payments were made.

(c) The Bond Insurer shall, to the extent it makes payment of principal of or interest on the Series 2002-A Warrants, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2002-A Insurance Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books maintained by the Trustee upon receipt from the Bond Insurer of proof of the payment of interest thereon to the Holders of such Series 2002-A Warrants and (2) in the case of subrogation as to claims for past due principal, the Trustee shall note the Bond Insurer's rights as subrogee on the registration books for the Series 2002-A Warrants maintained by the Trustee upon receipt of proof of the payment of principal thereof to the Holders of such Series 2002-A Warrants. Notwithstanding anything in the Indenture or the Series 2002-A Warrants to the contrary, the Trustee shall make payment of such past due interest and past due principal directly to the Bond Insurer to the extent that the Bond Insurer is a subrogee with respect thereto.

**Section 6.2 Information to be Provided to the Bond Insurer.** The County shall provide the Bond Insurer with the following information:

(a) within 180 days after the end of each Fiscal Year of the County, a copy of the County's budget for the then current Fiscal Year, a copy of the County's annual audited financial statements for the most recently completed Fiscal Year, a statement of the amount on deposit in the Reserve Fund as of the last valuation and, if not presented in the audited financial statements, a statement of the net revenues pledged to payment of the Parity Securities for the most recently completed Fiscal Year;

(b) the Official Statement or other disclosure document, if any, prepared in connection with the issuance of additional debt instruments payable from the System Revenues, whether or not such instruments constitute Additional Parity Securities, within 30 days after the sale thereof;

(c) notice of any draw upon, or any deficiency due to market fluctuation in the amount on deposit in, the Reserve Fund;

(d) notice of the redemption, other than mandatory sinking fund redemption, of any of the Parity Securities, including the principal amount, maturities and CUSIP numbers thereof

(e) simultaneously with the delivery of the County's annual audited financial statements:

(i) the number of System users as of the end of the most recently completed Fiscal Year;

(ii) notification of the withdrawal of any System user responsible for 5% or more of System Revenues since the last reporting date;

(iii) any significant plant retirements or expansions planned or undertaken in the System's service area since the last reporting date;

(iv) maximum and average daily System usage for the most recently completed Fiscal Year;

(v) any updated capital plans for expansion and improvement projects; and

(vi) results of any annual engineering inspections.

(f) such additional information as the Bond Insurer may reasonably request from time to time.

**Section 6.3 Miscellaneous Special Provisions Respecting the Bond Insurer and the Series 2002-A Insurance Policy.** (a) In determining whether a payment default has occurred or whether a payment on the Series 2002-A Warrants has been made under the Indenture, no effect shall be given to payments made under the Series 2002-A Insurance Policy.

(b) The Bond Insurer shall receive immediate notice of any default in payment of principal of or interest on the Series 2002-A Warrants and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(c) The Trustee shall, if and to the extent that there are no other available moneys held under the Indenture, use moneys in the 2002 Construction Fund to pay principal of or interest on the Series 2002-A Warrants.



(d) For all purposes of Article XIII of the Original Indenture, except the giving of notice of default to Holders of Series 2002-A Warrants, the Bond Insurer shall be deemed to be the sole holder of the Series 2002-A Warrants it has insured for so long as it has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy.

(e) No resignation or removal of the Trustee shall become effective until a successor has been appointed and has accepted the duties of Trustee. The Bond Insurer shall be furnished with written notice of the resignation or removal of the Trustee and the appointment of any successor thereto.

(f) The Bond Insurer shall be treated as a party in interest and as a party entitled to (i) notify the Trustee of the occurrence of an Event of Default and (ii) request the Trustee to intervene in judicial proceedings that affect the Series 2002-A Warrants or the security therefor.

(g) Any amendment or supplement to the Indenture shall be subject to the prior written consent of the Bond Insurer. The Bond Insurer shall be deemed to be the holder of all outstanding Series 2002-A Warrants for the purpose of consenting to any proposed amendment or supplement to the Indenture (except for any such amendment or supplement that, under the provisions of the Indenture, requires the consent of the Holder of each outstanding Series 2002-A Warrant). Any rating agency rating any of the Series 2002-A Warrants must receive notice of each amendment or supplement hereafter executed and a copy thereof at least fifteen days in advance of its execution or adoption.

(h) Without the prior written consent of the Bank, neither the County nor the Trustee shall take any of the following actions, or consent to or approve the taking of any such actions by any other party: the surrender, cancellation, termination, amendment or modification in any material respect of the Series 2002-A Insurance Policy, or the substitution of an entity other than Financial Guaranty as the insurer of the timely payment of the principal of and interest on the Series 2002-A Warrants.

(i) So long as the Bond Insurer has not failed to comply with its payment obligations under the Series 2002-A Insurance Policy, the Trustee shall not accelerate the maturity of the Series 2002-A Warrants without the prior written consent of the Bond Insurer.

(j) The Bond Insurer shall be provided with a full transcript of all proceedings relating to the execution of any Supplemental Indenture hereafter executed.

(k) Any notices to the Bond Insurer or the Fiscal Agent pursuant to the Indenture shall be sent to the following addresses (unless and until different addresses are specified in writing to the County and the Trustee):

Financial Guaranty Insurance Company  
125 Park Avenue  
New York, New York 10017  
Attention: General Counsel

State Street Bank and Trust Company, N.A.  
61 Broadway  
New York, New York 10006  
Attention: Corporate Trust Department

**Section 6.4 Special Provisions Respecting the Bond Insurer and the Standby Purchase Agreement.** (a) If at any time the long-term ratings for the debt obligations of the Bank providing the then effective Standby Purchase Agreement drop below "A-" (in the case of the rating assigned by Standard & Poor's) or "A3" (in the case of the rating assigned by Moody's), the County will, if requested in writing to do so by the Bond Insurer, with a copy to the Trustee, and within sixty (60) days of its receipt of such request in writing, replace such then effective Standby Purchase Agreement with a Substitute Standby Purchase Agreement acceptable to and approved by the Bond Insurer and in compliance with the requirements of Section 2.10 hereof.

(b) To the extent that the Pledged Revenues are pledged to secure the payment and performance by the County of its obligations under the initial Standby Purchase Agreement or any Substitute Standby Purchase Agreement, the County hereby agrees that such pledge in favor of the Bank shall be on a parity with the pledge made in the Indenture to secure the payment of principal of and interest on Parity Securities only to the extent that such pledge in favor of the Bank secures the payment of (i) the periodic commitment fee payable to the Bank (including any and all accrued interest thereon) and (ii) the principal of and interest on Bank Warrants. All other amounts owed under the Standby Purchase Agreement shall be payable on a subordinated basis to payment of principal and interest on the Parity Securities, replenishment of any debt service reserve fund and payment of the fees of the Trustee.

(c) The County and the Trustee hereby agree that, upon receipt of notice of the occurrence of either of the following events, the Series 2002-A Warrants will be converted in accordance with the provisions of Section 2.3(d) to the Term Rate Mode for a Term Rate Period extending until the maturity date of the Series 2002-A Warrants:

(i) the termination of the Standby Purchase Agreement as a result of the occurrence of an event of default under the Standby Purchase Agreement that, under the provisions thereof, either (A) causes such agreement to terminate immediately or (B) provides the Bank with the right to terminate its purchase commitment under such agreement upon the delivery of a specified notice to the Trustee; or

(ii) thirty (30) days prior to the termination or expiration date of the then effective Standby Purchase Agreement (if, by such date, either (x) no Substitute

Standby Purchase Agreement has been obtained by the County and approved by the Bond Insurer or (y) no short-term bond ratings that are to be effective after the termination or expiration date of the then effective Standby Purchase Agreement and that are acceptable to the Bond Insurer have been obtained).

Upon the occurrence of any of the events described in either (i) or (ii), the Trustee is hereby directed and authorized to take such actions, in the name and on behalf of the County, as shall be necessary or appropriate to cause such conversion of the Series 2002-A Warrants to the Term Rate Mode in accordance with the provisions of the Fourth Supplemental Indenture.

Any conversion to the Term Rate Mode pursuant to this subsection (c) will be on terms and at a fixed interest rate that will permit the effective remarketing of all then outstanding Series 2002-A Warrants (including Bank Warrants) at par. If such a remarketing cannot be effected on such terms, the Series 2002-A Warrants shall continue to bear interest at a Variable Rate until such time as such a conversion to the Term Rate Mode and related remarketing can be effected. The parties agree that the Remarketing Agent will be directed to attempt such a remarketing of fixed rate Series 2002-A Warrants on a weekly basis until either (I) the specified conversion and related remarketing are accomplished or (II) the Bond Insurer consents to the discontinuation of such efforts.

The Holder of each Series 2002-A Warrant required to be tendered hereunder shall tender such Series 2002-A Warrant in accordance with the provisions of Section 2.5 hereof. The Trustee shall comply with the procedures set forth in Section 2.3(d) and Section 2.5 hereof.

## **ARTICLE VII**

### **MISCELLANEOUS**

**Section 7.1 Confirmation of Indenture.** All the terms, covenants and conditions of the Indenture are hereby in all things confirmed, and they shall remain in full force and effect. Further, the County does hereby confirm the pledge made in the Indenture with respect to the revenues derived from all properties now or hereafter constituting a part of the System, including specifically, without limiting the generality of the foregoing, all properties acquired as a part of the System since the execution and delivery of the Original Indenture.

For the purposes specified in Section 2.1 of the Original Indenture, the County does hereby grant, bargain, sell and convey, assign, transfer and pledge to and with the Trustee the moneys deposited in the 2002 Construction Fund, together with any investments and reinvestments of such moneys and the income or proceeds thereof; subject, however, to the disbursement of all moneys at any time held in the 2002 Construction Fund for application in accordance with the provisions of this Fourth Supplemental Indenture.

**Section 7.2 Debt Service Fund Deposits Referable to Series 2002-A Warrants.** In order to provide funds for the payment of the principal of and the interest on the Series 2002-A Warrants, there shall be transferred or paid into the Debt Service Fund, out of moneys held in the Revenue Account, the following amounts at the following times:

(1) on or before each Interest Payment Date with respect to the Series 2002-A Warrants, an amount equal to the interest becoming due with respect to the then outstanding Series 2002-A Warrants on such Interest Payment Date; and

(2) on or before February 1, 2042, an amount equal to the principal amount of Series 2002-A Warrants maturing on such date.

The Debt Service Fund deposits required by this Section 7.2 shall be in addition to the deposits respecting the Outstanding Parity Securities required by the Original Indenture and by the First, Second and Third Supplemental Indentures.

**Section 7.3 Book-Entry Procedures Applicable to Series 2002-A Warrants.** (a) Except as provided in Section 7.3(c) hereof, the registered owner of all of the Series 2002-A Warrants shall be The Depository Trust Company ("DTC") and the Series 2002-A Warrants shall be registered in the name of Cede & Co., as nominee of DTC. Payment of interest for any Series 2002-A Warrant registered as of a Record Date in the name of Cede & Co. shall be made by wire transfer to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the registry books of the County kept by the Trustee.

(b) The Series 2002-A Warrants shall be initially issued in the form of a single authenticated fully registered warrant in the principal amount of \$110,000,000 and with a stated maturity of February 1, 2042. Upon initial issuance, the ownership of such Series 2002-A Warrant shall be registered in the registry book of the County kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2002-A Warrants registered in its name for the purposes of payment of the principal or redemption price of or interest on such Series 2002-A Warrants, selecting such Series 2002-A Warrants or portions thereof to be redeemed, giving any notice permitted or required to be given to Holders of Series 2002-A Warrants under the Indenture, registering the transfer of Series 2002-A Warrants, obtaining any consent or other action to be taken by Holders of Series 2002-A Warrants and for all other purposes whatsoever; and neither the Trustee nor the County shall be affected by any notice to the contrary. Neither the Trustee nor the County shall have any responsibility or obligation to any DTC participant, any Person claiming a beneficial ownership interest in the Series 2002-A Warrants under or through DTC or any DTC participant, or any other Person which is not shown on the registration books of the County kept by the Trustee as being a Holder of Series 2002-A Warrants. The County and the Trustee shall have no responsibility with respect to the accuracy of any records maintained by DTC, Cede & Co. or any DTC participant with respect to any ownership interest in the Series 2002-A Warrants; the payment by DTC or any DTC participant to any beneficial owner of any amount in respect of the principal or redemption price of

or interest on the Series 2002-A Warrants; the delivery to any DTC participant or any beneficial owner of any notice which is permitted or required to be given to Holders of the Series 2002-A Warrants under the Indenture; the selection by DTC or any DTC participant of any Person to receive payment in the event of a partial redemption of the Series 2002-A Warrants; or the authority for any consent given or other action taken by DTC as the Holder of Series 2002-A Warrants. The Trustee shall pay all principal of and premium, if any, and interest on the Series 2002-A Warrants only to Cede & Co., as nominee of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrants to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co. and direction to effect such change on the registry books maintained by the Trustee, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

(c) In the event the County determines that it is in the best interest of the beneficial owners of the Series 2002-A Warrants that they be able to obtain warrant certificates, the County may notify DTC and the Trustee of the availability through DTC of warrant certificates. In such event, the Trustee shall issue, transfer and exchange warrant certificates as requested by DTC and any other Holders of Series 2002-A Warrants in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Series 2002-A Warrants at any time by giving notice to the County and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the County and Trustee shall be obligated to deliver warrant certificates as described in the Indenture. In the event warrant certificates are issued to Holders of the Series 2002-A Warrants other than DTC, the provisions of Article V of the Original Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and interest on such certificates. Whenever DTC requests the County and the Trustee to do so, the County and the Trustee will cooperate with DTC in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Series 2002-A Warrants to any DTC participant having Series 2002-A Warrants credited to its DTC account or (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Series 2002-A Warrants.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2002-A Warrant and all notices with respect to such Series 2002-A Warrant shall be made and given to DTC as provided in the Representation Letter to be signed by the County and the Trustee on or prior to the date of issuance and delivery of the Series 2002-A Warrants and accepted by DTC. Without limitation of the foregoing, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the Trustee shall send a copy of any notice of redemption by overnight delivery not less than thirty (30) days before the redemption date to DTC, but such mailing shall not be a condition precedent to such redemption and failure to so mail any such notice (or failure of DTC to advise any DTC participant, or any DTC participant to notify the beneficial owner, of any such notice or its



content or effect) shall not affect the validity of the proceedings for the redemption of the Series 2002-A Warrants.

(e) In connection with any notice or other communication to be provided to Holders of the Series 2002-A Warrants pursuant to the Indenture by the County or the Trustee with respect to any consent or other action to be taken by Holders of the Series 2002-A Warrants, so long as any Series 2002-A Warrant is registered in the name of Cede & Co., as nominee of DTC, the County or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

(f) In the event of any inconsistency between the provisions of this Section 7.3 and any other provision of the Indenture or the forms of Series 2002-A Warrants, the provisions of this Section 7.3 shall govern so long as warrant certificates have not been issued to the Holders of the Series 2002-A Warrants other than DTC in accordance with Section 7.3(c) hereof.

**Section 7.4 Tax Covenants.** The County recognizes that the Holders of the Series 2002-A Warrants from time to time will have accepted them on, and paid therefor a price which reflects, the understanding that interest on the Series 2002-A Warrants is excluded from gross income for federal income tax purposes under the laws in force at the time the Series 2002-A Warrants shall have been delivered. In this connection the County covenants (i) that it will not take any action or omit to take any action if the taking of such action or the failure to take such action, as the case may be, will result in the interest on any of the Series 2002-A Warrants becoming includable in gross income for purposes of federal income taxation, (ii) that it will use the "proceeds" of the Series 2002-A Warrants and any other funds of the County in such a manner that the use thereof, as reasonably expected by the County at the time of issuance of the Series 2002-A Warrants, will not cause the Series 2002-A Warrants to be "arbitrage bonds" under Section 103(b)(2) and Section 148 of the Code and the regulations thereunder and (iii) that it will satisfy the requirements of Section 148(f) of the Code and the applicable regulations thereunder. The County further covenants and agrees that it will not permit at any time any "proceeds" of the Series 2002-A Warrants or any other funds of the County to be used, directly or indirectly, in a manner which would result in any Series 2002-A Warrant being classified as a "private activity bond" within the meaning of Section 141(a) of the Code. The officers and employees of the County shall execute and deliver from time to time, on behalf of the County, such certificates, instruments and documents as shall be deemed necessary or advisable to evidence compliance by the County with said Section 103(b)(2) and Section 148 and the regulations thereunder with respect to the use of the proceeds of the Series 2002-A Warrants. Such certificates, instruments and documents may contain such stipulations as shall be necessary or advisable in connection with the stated purpose of this section and the foregoing provisions hereof, and the County hereby covenants and agrees to comply with the provisions of any such stipulations throughout the term of the Series 2002-A Warrants.

**Section 7.5 Concerning Defeasance of Series 2002-A Warrants.** For all purposes of the Indenture (including Section 16.1 of the Original Indenture), Series 2002-A Warrants in the

Flexible Rate Mode or the Variable Rate Mode will be considered as fully paid only if the cash or Permitted Defeasance Obligations (or the combination thereof) held by the Trustee for the payment thereof will be sufficient to provide for the full payment of the principal of such Series 2002-A Warrants and interest thereon at the Cap Rate until the earlier of the maturity date for such Series 2002-A Warrants or any date on which such Series 2002-A Warrants have been called for redemption in accordance with their terms.

**Section 7.6 Remarketing Agent.** (a) The County has appointed J.P. Morgan Securities, Inc., as the initial Remarketing Agent to act in such capacity in accordance with the terms of this Indenture. Any notice to the Remarketing Agent pursuant to the provisions of the Indenture shall be sent to the following address or, if permitted by the provisions hereof, transmitted to the following facsimile number (unless and until a different address or facsimile number is specified in writing to the Trustee):

J. P. Morgan Securities, Inc.  
270 Park Avenue, 7th Floor  
New York, New York 10017  
(facsimile): (212) 834-6737

(b) The initial Remarketing Agent and any successor Remarketing Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by this Indenture by execution and delivery of an agreement satisfactory to the County, the Bank and the Trustee.

(c) The Remarketing Agent shall be authorized by law to perform all the duties imposed upon it by this Indenture.

(d) The Remarketing Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank.

(e) The County may, with the consent of the Bank, remove the Remarketing Agent at any time upon 30 days' notice to the Remarketing Agent; provided, however, that if the Remarketing Agent is unable to satisfy its obligations under this Indenture because it has declared bankruptcy or is insolvent, the Remarketing Agent may be removed immediately.

(f) If the Remarketing Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Remarketing Agent for any cause, the County shall, with the consent of the Bank and the Trustee, promptly appoint a successor Remarketing Agent.

(g) The Trustee shall give notice to Series 2002-A Warrantholders of each resignation and each removal of the Remarketing Agent and each appointment of a successor Remarketing Agent.

(h) Compensation of the Remarketing Agent shall be paid directly by the County as provided in the Remarketing Agreement.

**Section 7.7 Concerning the Tender Agent.** (a) The County has appointed the Trustee to serve as the initial Tender Agent. The Trustee shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed on it as Tender Agent by its execution and delivery of this Fourth Supplemental Indenture.

(b) Any successor Tender Agent shall signify its acceptance of such appointment and its assumption of the duties and obligations imposed upon it by the Indenture by execution and delivery of an agreement satisfactory to the Trustee, the County and the Bank.

(c) The Tender Agent may resign at any time by giving 30 days' notice to the County, the Trustee and the Bank; provided, however, that no such resignation shall become effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(d) The County may, with the consent of the Trustee (if the existing Tender Agent is other than the Trustee) and the Bank, remove the Tender Agent by giving 30 days' notice to the Tender Agent; provided, however, that no such removal shall be effective until a successor Tender Agent has been appointed and has accepted its duties and obligations hereunder.

(e) If the Tender Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Tender Agent for any cause, the County shall, with the consent of the Trustee and the Bank, appoint a successor Tender Agent.

(f) Any successor Tender Agent shall (i) be a commercial bank with trust powers or a trust company, (ii) have a combined capital and surplus of at least \$50,000,000, and (iii) be subject to supervision and examination by federal or state authority.

(g) Compensation of the Tender Agent shall be paid directly by the County.

(h) The provisions of the Indenture shall be applicable to any Tender Agent.

**Section 7.8 Clarification of Condition Precedent to Issuance of Additional Parity Securities.** For purposes of any Revenue Certificate or Revenue Forecast prepared and delivered to the Trustee in connection with the issuance of a series of Additional Parity Securities, the date for determining Maximum Annual Debt Service may be any date that occurs during the period of thirty (30) days that immediately precedes the issuance date for such series of Additional Parity Securities (provided that, in any event, the debt service on such series of Additional Parity Securities shall be taken into account and included in calculating Maximum Annual Debt Service).

**Section 7.9 Notices to Rating Agencies.** The Trustee shall promptly furnish to each Rating Agency that maintains a rating with respect to the Series 2002-A Warrants notice of (i) receipt

of any notice from the County proposing delivery of a Substitute Standby Purchase Agreement, (ii) any change of the Trustee, the Remarketing Agent or the Tender Agent, (iii) any change or amendment of the Financing Documents, (iv) the expiration, termination, extension or renewal of the term of the Standby Purchase Agreement, (v) the redemption by the County of any Series 2002-A Warrants prior to maturity, (vi) receipt of notice of the County's intent to have the Standby Purchase Agreement cancelled pursuant to Section 2.11, (vii) any conversion of the Interest Rate Mode applicable to the Series 2002-A Warrants to the Term Rate Mode or the Flexible Rate Mode, (viii) any other event resulting in a Mandatory Tender of the Series 2002-A Warrants, (ix) any acceleration of the maturity of the Series 2002-A Warrants, or (x) receipt of notice of the County's intent to establish a trust for the payment of the Series 2002-A Warrants in accordance with the defeasance provisions of the Original Indenture. The Rating Agencies maintaining ratings on the Series 2002-A Warrants on the date of initial delivery of the Series 2002-A Warrants and the addresses for notices to such Rating Agencies are as follows:

Moody's Investors Service  
99 Church Street  
New York, New York 10007

Standard & Poor's Ratings Services  
55 Water Street  
New York, New York 10041-0003

**Section 7.10 References to Bank When Standby Purchase Agreement is not in Effect.** Any provision of the Indenture to the contrary notwithstanding, at any time when no Standby Purchase Agreement is in effect and all indebtedness of the County to the Bank under the Standby Purchase Agreement has been fully paid, all references to the Bank shall be deemed omitted and no consent or approval of the Bank shall be required for any action taken under the Indenture.

**Section 7.11 Certain Notices to Bank.** The Trustee shall provide the Bank with written notice of any failure by the Bond Insurer to comply with its payment obligations under the Series 2002-A Insurance Policy. Any notice to the Bank pursuant to the provisions of the Indenture shall be sent to the following address (unless and until a different address is specified in writing to the Trustee):

JPMorgan Chase Bank  
270 Park Avenue  
New York, New York 10017  
Attention: Michael Mak

**Section 7.12 Article and Section Captions.** The article and section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

IN WITNESS WHEREOF, the County has caused this Fourth Supplemental Indenture to be executed in its name and behalf by the President of the Governing Body, has caused its official seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested by the Minute Clerk of the Governing Body, and the Trustee has caused this Fourth Supplemental Indenture to be executed in its corporate name and behalf, has caused its corporate seal to be hereunto affixed and has caused this Fourth Supplemental Indenture to be attested, by its duly authorized officers, all in eight(8) counterparts, each of which shall be deemed an original, and the County and the Trustee have caused this Fourth Supplemental Indenture to be dated as of February 1, 2002, although actually executed and delivered on March 6, 2002.

JEFFERSON COUNTY, ALABAMA

By *Gary White*  
President of the County Commission

ATTEST:

*Diane Vausee*  
Minute Clerk of the  
County Commission

[SEAL]

THE BANK OF NEW YORK, as Trustee under the  
Trust Indenture of Jefferson County, Alabama, dated  
as of February 1, 1997

By *Carly L. Jones*  
Its *r VP*

ATTEST:

*Robin Foster*  
Its *Assistant Treasurer*

[SEAL]



STATE OF ALABAMA     )  
                                      :  
JEFFERSON COUNTY     )

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that GARY WHITE, whose name as President of the County Commission of JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said county.

GIVEN under my hand and official seal of office, this 28<sup>th</sup> day of February, 2002.

[ NOTARIAL SEAL ]

Mark E. Gell  
Notary Public

My Commission Expires: 6/17/02

STATE OF ALABAMA     )  
                                      :  
JEFFERSON COUNTY     )

I, the undersigned authority, a Notary Public in and for said county in said state, hereby certify that Gary L. Jones, whose name as Vice President of THE BANK OF NEW YORK, a New York banking corporation acting in its capacity as Trustee under the Trust Indenture of Jefferson County, Alabama, dated as of February 1, 1997, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the within instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking corporation in its capacity as Trustee as aforesaid.

GIVEN under my hand and official seal of office, this 5<sup>th</sup> day of MARCH, 2002.

[ NOTARIAL SEAL ]

Maurice M. Sennot  
Notary Public

My Commission Expires: 7.24.04

**EXHIBIT A**

**OPTIONAL TENDER NOTICE**

The Bank of New York,  
as Tender Agent  
Attn: Corporate Trust Administration

\_\_\_\_\_  
Birmingham, Alabama \_\_\_\_\_

J.P. Morgan Securities, Inc.  
as Remarketing Agent  
\_\_\_\_\_  
\_\_\_\_\_

Re:                                      Jefferson County, Alabama  
Sewer Revenue Capital Improvement Warrants  
Series 2002-A

The undersigned is the registered owner of the following Series 2002-A Warrant, which is part of the above-referenced issue of Series 2002-A Warrants:

Certificate Number: \_\_\_\_\_  
Principal Amount: \_\_\_\_\_

The undersigned hereby elects to have (check one as appropriate, and be certain to designate the principal amount tendered, if less than the entire amount):

\_\_\_\_\_ the entire principal amount

\_\_\_\_\_ \$ \_\_\_\_\_ of the principal amount of such Series 2002-A Warrant  
(Note: If such amount is less than the entire principal amount, both the amount to be purchased and the remaining amount must be an Authorized Denomination, as defined in the Indenture)

purchased on the following date (specify a business day that is at least 7 days after notice of tender is delivered to the Tender Agent):

\_\_\_\_\_  
[Optional Tender Date]

THE UNDERSIGNED ACKNOWLEDGES THAT THIS ELECTION IS IRREVOCABLE  
AND BINDING ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

Dated: \_\_\_\_\_

Print or Type

\_\_\_\_\_  
Name(s) of Warrantholder(s)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

Signature

\_\_\_\_\_  
(The name(s) and signature(s) must correspond  
exactly to the name appearing on the registration  
books maintained by the Tender Agent)

Signature Guaranteed:

\_\_\_\_\_  
(Bank or Trust Company)

By

\_\_\_\_\_  
(Authorized Officer)

**EXHIBIT B**

**FORM OF SERIES 2002-A WARRANTS**

No. \_\_\_\_

**UNITED STATES OF AMERICA**

**STATE OF ALABAMA**

**JEFFERSON COUNTY**

**SEWER REVENUE CAPITAL IMPROVEMENT WARRANT**

**SERIES 2002-A**

**MATURITY DATE**

February 1, 2042

**DATE OF INITIAL DELIVERY**

**INTEREST RATE**

\*

**BEGINNING OF  
RATE PERIOD**

**END OF RATE PERIOD**

**CUSIP**

472682 \_\_\_\_

JEFFERSON COUNTY, ALABAMA, a political subdivision of the State of Alabama (the "County"), for value received, hereby acknowledges itself indebted to and orders and directs the County Treasurer of the County to pay to

\_\_\_\_\_,  
or registered assigns, upon presentation and surrender hereof, solely out of the revenues hereinafter referred to, the principal sum of

**DOLLARS**

on the Maturity Date specified above and to pay interest hereon from the date of initial delivery of this warrant, or the most recent date to which interest has been paid or duly provided for, until the

\_\_\_\_\_  
\*The Trustee is to insert one of the following, as appropriate: "Variable Rate", "Flexible Rate – \_\_\_\_%", or "Term Rate – \_\_\_\_%".

principal hereof shall become due and payable at the Variable Rate, the Flexible Rate, or the Term Rate, as hereinafter provided.

Interest at the Variable Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Flexible Rate shall be computed on the basis of a 365-day year for the actual number of days elapsed. Interest at the Term Rate shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Interest shall be payable (but solely out of the revenues hereinafter described) on overdue principal on this warrant and (to the extent legally enforceable) on any overdue installment of interest on this warrant at the rate of interest last applicable to this warrant when such overdue principal or interest became delinquent.

Interest on this warrant shall be payable in arrears on the following dates (each such date being herein called an "Interest Payment Date"):

(1) with respect to interest payable at the Variable Rate, on (i) the first Business Day of each month, and (ii) the effective date of conversion of such Series 2002-A Warrant from the Variable Rate Mode to another Interest Rate Mode (each such date being herein called a "Variable Rate Interest Payment Date");

(2) with respect to interest payable at the Flexible Rate, on the last day of each Flexible Rate Period (each such date being herein called a "Flexible Rate Interest Payment Date"); and

(3) with respect to interest payable at the Term Rate, (i) on February 1 and August 1 in each year, and (ii) on the last day of each Term Rate Period (each such date being herein called a "Term Rate Interest Payment Date").

If any Interest Payment Date is not a Business Day, the interest due on such date shall be payable on the next succeeding Business Day with the same effect as if payment was made on such Interest Payment Date.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture hereinafter referred to, be paid to the person in whose name this warrant is registered at the close of business on the Regular Record Date for such interest, which shall be the day next preceding any Variable Rate Interest Payment Date for Series 2002-A Warrants in the Variable Rate Mode, the date next preceding any Flexible Rate Interest Payment Date for Series 2002-A Warrants in the Flexible Rate Mode, or the 15th day (whether or not a Business Day) of the month next preceding any Term Rate Interest Payment Date for Series 2002-A Warrants in the Term Rate Mode. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered Holder on such Regular Record Date, and shall be paid to the person in whose name this warrant is registered at the close of business on a Special Record Date for the



payment of such defaulted interest to be fixed by the Trustee, notice of such Special Record Date being given to Holders of the Series 2002-A Warrants not less than 10 days prior to such Special Record Date.

Payment of principal, premium (if applicable) and interest on this warrant and payment of the Purchase Price of this warrant due upon Optional or Mandatory Tender shall be made by the applicable method specified in the Indenture. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

This warrant is one of a duly authorized issue or series of warrants authorized to be issued in the aggregate principal amount of \$110,000,000 and designated Sewer Revenue Capital Improvement Warrants, Series 2002-A (the "Series 2002-A Warrants"). The Series 2002-A Warrants have been issued, on a parity with the Outstanding Parity Securities hereinafter referred to, under a Trust Indenture dated as of February 1, 1997 (the "Original Indenture"), between the County and The Bank of New York, Birmingham, Alabama, as Trustee (herein, in such capacity, together with its successors in trust, called the "Trustee"), as supplemented and amended by a First Supplemental Indenture dated as of March 1, 1997 (the "First Supplemental Indenture"), by a Second Supplemental Indenture dated as of March 1, 1999 (the "Second Supplemental Indenture"), by a Third Supplemental Indenture dated as of March 1, 2001 (the "Third Supplemental Indenture"), and by a Fourth Supplemental Indenture dated as of February 1, 2002 (the "Fourth Supplemental Indenture"). The County has heretofore issued under the Original Indenture, as supplemented and amended by the First, Second and Third Supplemental Indentures, \$211,040,000 principal amount of its Sewer Revenue Refunding Warrants, Series 1997-A, dated February 1, 1997, \$48,020,000 principal amount of its Taxable Sewer Revenue Refunding Warrants, Series 1997-B, dated February 1, 1997, \$52,880,000 principal amount of Taxable Sewer Revenue Refunding Warrants, Series 1997-C, dated February 15, 1997, \$296,395,000 principal amount of Sewer Revenue Warrants, Series 1997-D, dated March 1, 1997, \$952,695,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 1999-A, dated March 1, 1999, and \$275,000,000 principal amount of Sewer Revenue Capital Improvement Warrants, Series 2001-A, dated March 1, 2001 (all of which are herein together called the "Outstanding Parity Securities"). As used herein, the term "Indenture" means the Original Indenture as supplemented and amended by the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fourth Supplemental Indenture. Reference is hereby made to the Indenture for a more complete description of the rights of the owners of the Series 2002-A Warrants and of the Trustee and of the County with respect to the County's sanitary sewer system (herein called the "System") and the revenues therefrom, the terms and conditions upon which the Series 2002-A Warrants are issued, and the terms and conditions upon which any Additional Parity Securities may be issued under the Indenture. Each owner of this warrant, by the acceptance hereof, shall be deemed to assent to the provisions of the Indenture.

The County, the Trustee and JPMorgan Chase Bank (the "Bank") have entered into a Standby Warrant Purchase Agreement dated as of February 1, 2002, whereby, subject to the conditions specified therein, the Bank has agreed to purchase any Series 2002-A Warrant that is not remarketed

after a tender of such warrant for purchase pursuant to the optional or mandatory tender provisions of the Fourth Supplemental Indenture. Series 2002-A Warrants purchased by the Bank (referred to in the Fourth Supplemental Indenture as "Bank Warrants") bear interest at a separate interest rate applicable only to Bank Warrants, as provided in the Fourth Supplemental Indenture and said Standby Purchase Agreement. **Upon the occurrence of certain events described in said Standby Purchase Agreement, the Bank's obligation to purchase Series 2002-A Warrants under said Standby Purchase Agreement will be terminated or suspended.** The Fourth Supplemental Indenture provides for delivery of a Substitute Standby Purchase Agreement on the terms and conditions contained in the Indenture. The initial Standby Warrant Purchase Agreement and any substitute therefor delivered to the Trustee pursuant to the Indenture are herein referred to as the "Standby Purchase Agreement".

Copies of the Indenture and the initial Standby Purchase Agreement are on file at the Office of the Trustee, and reference is hereby made to such instruments for a description of the properties pledged and assigned, the nature and extent of the security, the respective rights thereunder of the Holders of the Series 2002-A Warrants, the Trustee, the County and the Bank, and the terms upon which the Series 2002-A Warrants are, and are to be, authenticated and delivered.

J.P. Morgan Securities, Inc. has been appointed as "Remarketing Agent" pursuant to the Indenture. The Indenture permits the County, with the consent of the Bank, to remove such Remarketing Agent and appoint a successor, subject to certain terms and conditions specified in the Indenture. The Indenture also permits the Remarketing Agent to resign without prior notice to Warrantholders.

The Trustee will serve as the initial Tender Agent under the Indenture until a successor is appointed in accordance with the terms of the Indenture.

The Indenture provides that the Trustee shall serve as Trustee with respect to the Series 2002-A Warrants.

### **Interest Rates**

Each Series 2002-A Warrant shall bear interest at the Variable Rate, the Flexible Rate or the Term Rate, as described below. The Trustee shall specify on each warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2002-A Warrant. If a Flexible Rate is in effect with respect to a Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Flexible Rate and the beginning and end of the Flexible Rate Period. If a Term Rate is in effect with respect to such Series 2002-A Warrant, the Trustee shall also specify on the certificate for such Series 2002-A Warrant the Term Rate and the beginning and end of the Term Rate Period.

## **Variable Rate**

The Variable Rate for any Series 2002-A Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2002-A Warrant is in the Variable Rate Mode. The Variable Rate shall be determined on the date of conversion to the Variable Rate Mode and on the last Business Day before each Friday while such Series 2002-A Warrant is in the Variable Rate Mode. Interest accrual at the Variable Rate so determined shall begin on (and shall include) each Thursday or the Conversion Date, and shall end on (but shall not include) the following Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Variable Rate on any such determination date, the Alternate Rate Index specified by the Indenture shall be deemed to be the rate determined.

The Variable Rate with respect to a Series 2002-A Warrant shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Variable Rate may never exceed the Cap Rate. The term "Cap Rate" means (i) with respect to Series 2002-A Warrants other than Bank Warrants, 10% per annum, and (ii) with respect to Bank Warrants, 18% per annum.

Upon the request of any Warrantholder, the Trustee shall confirm (by telephone and in writing, if so requested) the Variable Rate then in effect.

## **Flexible Rate and Flexible Rate Periods**

The Flexible Rate for any Series 2002-A Warrant shall be a fixed rate per annum for each Flexible Rate Period. Flexible Rate Periods and the related Flexible Rate for each such period shall be determined by the Remarketing Agent from time to time while a Series 2002-A Warrant is in the Flexible Rate Mode. The duration of each Flexible Rate Period shall be established by the Remarketing Agent on the first day of each Flexible Rate Period with the advice of the County, unless the County fails to offer such advice in a timely manner, in which case the Remarketing Agent shall establish a Flexible Rate Period of such duration as the Remarketing Agent, in its judgment, estimates is likely to provide the lowest average interest rate on the Series 2002-A Warrant while such Series 2002-A Warrant is in the Flexible Rate Mode, taking into account relevant market conditions and credit rating factors as they exist on the date of determination.

Each Flexible Rate Period may be any number of days from 1 to 270, subject to the terms and conditions contained in the Indenture; provided, however, that if a Flexible Rate Period is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Flexible Rate Period with respect to such Series 2002-A Warrant shall end on such Mandatory Tender Date.

The Flexible Rate with respect to a Series 2002-A Warrant for the established Flexible Rate Period shall be determined by the Remarketing Agent on the first day of such Flexible Rate Period and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Flexible Rate may never exceed the Cap Rate.

#### **Term Rate and Term Rate Periods**

The Term Rate for any Series 2002-A Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the County in the notice of conversion of such Series 2002-A Warrant to the Term Rate Mode. Each Term Rate Period may be any number of days greater than 270, subject to the terms and conditions of the Indenture; provided, however, that if a Term Rate is in effect when a Series 2002-A Warrant is to be purchased pursuant to the Mandatory Tender provisions relating to notice of an event of default under the Standby Purchase Agreement, the related Term Rate Period with respect to such Series 2002-A Warrant shall end on the Mandatory Tender Date.

Not later than the last Business Day prior to the date proposed for conversion of a Series 2002-A Warrant to the Term Rate Mode, the Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2002-A Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

#### **Conversion of Interest Rate Modes**

The County may effect a conversion of the Interest Rate Mode on a Series 2002-A Warrant at its option, subject to certain terms and conditions contained in the Indenture. No such conversion is permitted during a Flexible Rate Period or a Term Rate Period. On any Conversion Date the Series 2002-A Warrant to be converted must be purchased pursuant to the Mandatory Tender provisions of the Indenture referred to below. If a notice of Mandatory Tender is given by the Tender Agent in connection with a proposed conversion of a Series 2002-A Warrant to a different Interest Rate Mode, such Series 2002-A Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation of the election to effect such conversion or the failure to satisfy the conditions for such conversion.

#### **Optional Tender**

The Holder of any Series 2002-A Warrant shall have the right to tender such Series 2002-A Warrant to the Tender Agent for purchase in whole or in part (but, if in part, only in an Authorized Denomination) on any Business Day while such Series 2002-A Warrant is in the Variable Rate Mode



(but not while such Series 2002-A Warrant is in the Term Rate Mode or the Flexible Rate Mode), at a Purchase Price equal to 100% of the principal amount of the Series 2002-A Warrant (or portion thereof) tendered plus accrued interest to the specified purchase date (an "Optional Tender Date"). In order to exercise such option with respect to any Series 2002-A Warrant, the Holder thereof must deliver notice thereof to the Tender Agent and the Remarketing Agent, as provided below, at least seven days prior to the proposed Optional Tender Date.

Any such notice of Optional Tender must be duly executed by the Warrantholder and must specify (i) the name of the registered Holder of the Series 2002-A Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2002-A Warrant, and (iv) the principal amount of such Series 2002-A Warrant to be purchased (provided that, if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). Such notice may be given to the Tender Agent and the Remarketing Agent in writing or by telephone, but no such telephonic notice shall be effective unless confirmed in writing delivered to the Tender Agent and the Remarketing Agent not more than two Business Days after such telephonic notice. A form of the Optional Tender Notice may be obtained from the Tender Agent upon request.

If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2002-A Warrant is being tendered for purchase, the Holder will be deemed to have tendered the Series 2002-A Warrant in its entire principal amount for purchase.

Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such Holder and may not be withdrawn.

If a written notice of Optional Tender shall have been duly given with respect to any Series 2002-A Warrant, the Holder of such Series 2002-A Warrant shall deliver such Series 2002-A Warrant to the Office of the Tender Agent on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered by the Holder thereof on the Optional Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series



2002-A Warrant shall be deemed to have been tendered for purchase and purchased from the Holder thereof on such Optional Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the Optional Tender Date.

Anything in this warrant or the Indenture to the contrary notwithstanding, Warrantholders may not exercise their Optional Tender rights at any time when the obligation of the Bank to purchase Series 2002-A Warrants pursuant to the Standby Purchase Agreement has been suspended or terminated in accordance with the provisions of such agreement.

### **Mandatory Tender**

The Holder of each Series 2002-A Warrant shall be required to tender such Series 2002-A Warrant to the Tender Agent for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2002-A Warrant;
- (2) the last day of a Term Rate Period with respect to such Series 2002-A Warrant;
- (3) the last day of a Flexible Rate Period with respect to such Series 2002-A Warrant;
- (4) 15 days after the Trustee receives written notice from the Bank (i) stating that the Bank has elected to terminate the Standby Purchase Agreement, upon notice and otherwise in accordance with the provisions of such agreement, as a consequence of the occurrence under the Standby Purchase Agreement of an Event of Default of a type that provides the Bank with the right to terminate (other than immediately) its purchase commitment under said agreement and (ii) directing that the Series 2002-A Warrants be purchased pursuant to the Mandatory Tender provisions of the Indenture;
- (5) on the Business Day immediately preceding any date proposed by the County for delivery of a Substitute Standby Purchase Agreement;
- (6) five days prior to the Stated Expiration Date of the Standby Purchase Agreement; and
- (7) on the Business Day immediately preceding any date when the County proposes to cancel the Standby Purchase Agreement pursuant to applicable provisions of the Indenture.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day.

No notice is required for a Mandatory Tender on the last day of a Flexible Rate Period or the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the Holder of the affected Series 2002-A Warrant at the address of such Holder appearing on the Warrant Register not less than 12 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall, among other things, specify the Mandatory Tender Date.

Any Series 2002-A Warrant subject to Mandatory Tender shall be tendered by the Holder thereof for purchase on the Mandatory Tender Date, by delivering such Series 2002-A Warrant to the Office of the Tender Agent, together with all necessary endorsements for transfer. If only a portion of such Series 2002-A Warrant is to be purchased (as a result of conversion of only a portion of such Series 2002-A Warrant to another Interest Rate Mode), the County shall execute and the Tender Agent shall authenticate and deliver to the Holder of such Series 2002-A Warrant, without service charge, a new Series 2002-A Warrant or Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such Holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2002-A Warrant surrendered. Any such Series 2002-A Warrant (or portion thereof) that is to be so purchased but that is not so delivered to the Tender Agent on the Mandatory Tender Date (i.e., an Unsurrendered Series 2002-A Warrant) shall nevertheless be deemed to have been tendered for purchase by the Holder thereof on the Mandatory Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Series 2002-A Warrant, such Unsurrendered Series 2002-A Warrant shall be deemed to be tendered for purchase and purchased from the Holder thereof on such Mandatory Tender Date and the Holder of such Unsurrendered Series 2002-A Warrant shall not be entitled to receive interest on such Unsurrendered Series 2002-A Warrant for any period on and after the relevant Mandatory Tender Date.

After notice of a Mandatory Tender has been given by the Tender Agent with respect to any Series 2002-A Warrant, such Series 2002-A Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

### **Redemption**

In the manner and with the effect provided in the Indenture, the Series 2002-A Warrants will be subject to redemption prior to Maturity at the option of the County as follows:

- (a) On any Interest Payment Date when a Series 2002-A Warrant is in the Variable Rate Mode, on any Flexible Rate Interest Payment Date with respect to a Series 2002-A Warrant, and on any Conversion Date with respect to a Series 2002-A

Warrant, such Series 2002-A Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(b) Series 2002-A Warrants in the Term Rate Mode are not subject to optional redemption during any Term Rate Period of 5 years or less. During any Term Rate Period of more than 5 years with respect to a Series 2002-A Warrant, such Series 2002-A Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Subject to the provisions of the Indenture requiring the redemption of all Bank Warrants eligible for redemption before any other eligible Series 2002-A Warrants are redeemed, if less than all Series 2002-A Warrants are to be redeemed, the particular Series 2002-A Warrants to be redeemed shall be selected by the Trustee from the outstanding Series 2002-A Warrants then eligible for redemption by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2002-A Warrants in a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Series 2002-A Warrant, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Series 2002-A Warrants in authorized form for the unredeemed portion of principal. Series 2002-A Warrants (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Any redemption shall be made upon at least 30 days' notice in the manner and upon the terms and conditions provided in the Indenture.

Under the Indenture, the Outstanding Parity Securities and the Series 2002-A Warrants are equally and ratably secured by a pledge of certain revenues from the System that remain after the payment of the expenses of operating and maintaining the System. Upon compliance with certain conditions specified in the Indenture, the County may issue additional securities (without limitation as to principal amount) that are secured by the Indenture on a parity with the Outstanding Parity Securities and the Series 2002-A Warrants with respect to the pledge of the aforesaid revenues from the System.

The Indenture permits the amendment of the Series 2002-A Warrants and the Indenture, and waivers of past defaults under such instruments and the consequences of such defaults, in certain circumstances without consent of Warrantholders and in other circumstances with the consent of all Warrantholders or a specified percentage of Warrantholders. Any such consent or waiver by the Holder of this warrant shall be conclusive and binding upon such Holder and upon all future Holders of this warrant and of any warrant issued in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this warrant.

The Holder of this warrant shall have no right to enforce the provisions of the Indenture, or to institute any action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, this warrant is transferable on the Warrant Register maintained at the Office of the Trustee, upon surrender of this warrant for transfer at the Office of the Trustee, together with all necessary endorsements for transfer, and thereupon one or more new Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and for a like aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations therein set forth, the Series 2002-A Warrants are exchangeable for other Series 2002-A Warrants of the same Maturity and interest rate, of any Authorized Denominations and of a like aggregate principal amount, as requested by the Holder surrendering the same.

No service charge shall be made for any transfer or exchange hereinbefore referred to, but the County may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The County and the Trustee may treat the person in whose name this warrant is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this warrant is overdue, and neither the County nor the Trustee shall be affected by notice to the contrary.

No covenant or agreement contained in this warrant or the Indenture shall be deemed to be a covenant or agreement of any officer, agent or employee of the County, and neither any member of the governing body of the County nor any officer executing this warrant shall be liable personally on this warrant or be subject to any personal liability or accountability by reason of the issuance of this warrant.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture and issuance of this warrant do exist, have happened and have been performed in due time, form and manner as required by law.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this warrant shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the County has caused this warrant to be duly executed under its official seal.

JEFFERSON COUNTY, ALABAMA

By \_\_\_\_\_  
President of the County Commission

ATTEST:

\_\_\_\_\_  
Minute Clerk of the County Commission

[ S E A L ]

## CERTIFICATE OF AUTHENTICATION

This is one of the Series 2002-A Warrants referred to in the within-mentioned Indenture.

Date of authentication: \_\_\_\_\_, 2002.

THE BANK OF NEW YORK,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received, \_\_\_\_\_ hereby sell(s), assign(s) and transfer(s) unto \_\_\_\_\_ this warrant and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney to transfer this warrant on the books of the within named County at the office of the within named Trustee, with full power of substitution in the premises.

Dated: \_\_\_\_\_

**NOTE:** The name signed to this assignment must correspond with the name of the payee written on the face of the within warrant in all respects, without alteration, enlargement or change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
(Bank or Trust Company)

By \_\_\_\_\_  
(Authorized Officer)

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